PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

Price Range of Common Stock

Our common stock began to trade on both the Nasdaq National Market ("NNM") and the Bermuda Stock Exchange under the symbol "GBLX" following our Initial Public Offering ("IPO") of common stock on August 14, 1998 at a per share price of $9.50. The table below sets forth, on a per share basis for the periods indicated, the high and low closing sales prices for the common stock as reported by the NNM.

	Price Range			
	1999		1998	
	High	Low	High	Low
First Quarter	$56.75	$19.25	$ --	$ --
Second Quarter	$64.25	$39.05	$ --	$ --
Third Quarter (from August 14, 1998)	$41.88	$20.25	$12.75	$8.00
Fourth Quarter	$55.75	$24.81	$23.50	$8.63

The closing sale price of the common stock as reported by the NNM on March 3, 2000 was $56 7/16. As of March 3, 2000, there were 29,665 holders of record of our common stock.

Dividend Policy; Restriction on Payment of Dividends

The Company does not anticipate paying cash dividends on our common stock in the foreseeable future. The terms of certain of our debt instruments also place limitations on our ability to pay dividends. Future dividends, if any, will be at the discretion of the Board of Directors and will depend upon, among other things, our operations, capital requirements and surplus, general financial condition, contractual restrictions and such other factors as the Board of Directors may deem relevant.

Recent Sales of Unregistered Securities

In 1999, the Company issued the following equity securities that were not registered under the Securities Act of 1933, as amended:

(a) 2,600,000 shares of 7% Cumulative Convertible Preferred Stock at a liquidation preference of $250.00 per share were issued on December 15, 1999 by GCL for net proceeds of approximately $630 million and sold to Salomon Smith Barney, Merrill Lynch & Co., Goldman, Sachs & Co., Chase Securities Inc., Morgan Stanley Dean Witter, CIBC World Markets, Donald, Lufkin & Jenrette and Credit Suisse First Boston as initial purchasers. Each share of preferred stock is convertible into 4.6948 shares of GCL common stock, based on a conversion price of $53.25 per share; and

(b) 10,000,000 shares of 6 3/8% Cumulative Convertible Preferred Stock at a liquidation preference of $100.00 per share were issued on November 5, 1999 by GCL for net proceeds of approximately $969 million and sold to Merrill Lynch & Co., Goldman, Sachs & Co. and Salomon Smith Barney as initial purchasers. Each share of preferred stock is convertible into 2.2222 shares of GCL common stock, based on a conversion price of $45.00 per share.

Each series of GCL preferred stock issued during 1999 was resold only to institutional investors that are "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and was issued in reliance upon an exemption from the registration provisions of the Securities Act set forth in Section 4(2) thereof relative to transactions by an issuer not involving any public offering or the rules ad regulations thereunder.

ITEM 6. SELECTED FINANCIAL DATA

Global Crossing selected historical financial information

The table below shows selected historical financial information for Global Crossing. This information has been prepared using the consolidated financial statements of Global Crossing as of the dates indicated and for each of the years ended December 31, 1999 and 1998 and for the period from March 19, 1997 (Date of Inception) to December 31, 1997.

In reading the following selected historical financial information, please note the following:

- The statement of operations data for the year ended December 31, 1999 includes the results of Global Marine Systems for the period from July 2, 1999, date of acquisition, through December 31, 1999; the results of Frontier for the period from September 30, 1999, date of acquisition, through December 31, 1999; and the results of Racal Telecom for the period from November 24, 1999, date of acquisition, through December 31, 1999. The Consolidated Balance Sheet as of December 31, 1999 includes amounts related to Global Marine Systems, Frontier and Racal Telecom.

- During the year ended December 31, 1999, Global Crossing recorded a $15 million expense, net of tax benefit, due to the adoption of Statement of Position 98-5, "Reporting on the Cost of Start-Up Activities". See the "Cumulative effect of change in accounting principles" item in the Statement of Operations Data.

- During the years ended December 31, 1999 and 1998, Global Crossing recognized $51 million and $39 million, respectively, of stock-related expense relating to stock options and rights to purchase stock issued during that period which entitle the holders to purchase common stock. See the "Stock-related expense" item in the Statement of Operations Data.

- On December 15, 1999, GCL issued 2,600,000 shares of 7% cumulative convertible preferred stock at a liquidation preference of $250.00 for net proceeds of $630 million. Each share of preferred stock is convertible into 4.6948 shares of common stock based on a conversion price of $53.25. Dividends on the preferred stock are cumulative from the date of issue and will be payable on February 1, May 1, August 1 and November 1 of each year, beginning on February 1, 2000, at the annual rate of 7%.

- On November 24, 1999, we completed our acquisition of Racal Telecom, a group of wholly owned subsidiaries of Racal Electronics plc, for approximately $1.6 billion in cash. Racal Telecom owns one of the most extensive fiber telecommunications networks in the United Kingdom, consisting of approximately 4,650 route miles of fiber and reaching more than 2,000 cities and towns.

- On November 12, 1999, Global Crossing Holdings Ltd. ("GCH"), a wholly-owned subsidiary of GCL, issued two series of senior unsecured notes ("New Senior Notes"). The 9 1/8% senior notes are due November 15, 2006 with a face value of $900 million and the 9 1/2% senior notes are due November 15, 2009 with a face value of $1,100 million. The New Senior Notes are guaranteed by GCL. Interest will be paid on the notes on May 15 and November 15 of each year, beginning on May 15, 2000.

- On November 5, 1999, GCL issued 10,000,000 shares of 6 3/8% cumulative convertible preferred stock at a liquidation preference of $100.00 for net proceeds of approximately $969 million. Each share of preferred stock is convertible into 2.2222 shares of common stock, based on a conversion price of $45.00. Dividends on the preferred stock are cumulative from the date of issue and will be payable on February 1, May 1, August 1 and November 1 of each year, beginning on February 1, 2000, at the annual rate of 6 3/8%.

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- On September 28, 1999, we completed the acquisition of Frontier Corporation in a merger transaction valued at over $10 billion, with Frontier shareholders receiving 2.05 shares of our common stock for each share of Frontier common stock held. Frontier is one of the largest long distance telecommunications companies in the United States and one of the leading providers of facilities-based integrated communications and

Internet services.

- On July 2, 1999, we completed our acquisition of the Global Marine Systems division of Cable & Wireless Plc for approximately $908 million in cash and assumed liabilities. Global Marine Systems owns the largest fleet of cable laying and maintenance vessels in the world and currently services more than a third of the world's undersea cable miles.

- On May 16, 1999, Global Crossing entered into a definitive agreement to merge with U S WEST, Inc. On July 18, 1999, Global Crossing and U S WEST agreed to terminate their merger agreement, and U S WEST agreed to merge with Qwest Communications International Inc. As a result, U S WEST paid Global Crossing a termination fee of $140 million in cash and returned 2,231,076 shares of Global Crossing common stock purchased in a related tender offer, and Qwest committed to purchase capacity on the Global Crossing network at established market unit prices for delivery over the next four years and committed to make purchase price payments to Global Crossing for this capacity of $140 million over the nest two years. During the year ended December 31, 1999, Global Crossing recognized $210 million, net of merger related expenses, of other income in connection with the termination of the U S WEST merger agreement.

- The "Termination of advisory services agreement" item in the Statements of Operations Data includes a charge for the termination of the advisory services agreement as of June 30, 1998. Global Crossing acquired the rights from those entitled to fees payable under the advisory services agreement in consideration from the issuance of common stock having an aggregate value of $135 million and the cancellation of approximately $3 million owed to Global Crossing under a related advance agreement. As a result of this transaction, Global Crossing recorded a non-recurring charge in the approximate amount of $138 million during the year ended December 31, 1998. In addition, Global Crossing recognized as an expense approximately $2 million of advisory fees incurred prior to termination of the contract.

- Global Crossing granted warrants to Pacific Capital Group, Inc., a shareholder, and some of its affiliates for the Pacific Crossing, Mid-Atlantic Crossing and Pan American Crossing systems and related rights. The $275 million value of the common stock was originally allocated to "Construction in progress" in the amount of $112 million and as "Investment in and advances to/from affiliates" in the amount of $163 million. See the "property and equipment" item in the Balance Sheet Data. The "Investment in and advance to/from affiliates" item in the Balance Sheet Date includes $163 million as of December 31, 1999 and 1998, respectively, representing the value of the warrants described in the bullet point immediately above applicable to the Pacific Crossing system.

- Adjusted EBITDA is defined as operating income (loss), plus goodwill amortization, depreciation and amortization, non-cash cost of capacity sold, stock related expenses, incremental cash deferred revenue and amounts relating to the termination of the advisory services agreement. This definition is consistent with financial covenants contained in the Company's major financial agreements. This information should not be considered as an alternative to any measure of performance as promulgated under GAAP. The Company's calculation of adjusted EBITDA may be different from the calculation used by other companies and, therefore, comparability may be limited.

The selected consolidated financial data as of December 31, 1999, 1998 and 1997, for the years ended December 31, 1999 and 1998 and for the period from March 19, 1997 (Date of Inception) to December 31, 1997, respectively, are derived from our audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements and notes included in this Annual Report on Form 10-K.

	Year Ended December 31, 1999	Year Ended December 31, 1998	Period from March 19, 1997 (Date of Inception) to December 31, 1997
	(In thousands, except share and per share information)		
Statement of Operations Data:			
Revenue	$ 1,664,824	$ 419,866	$ --
Expenses:			
Cost of sales	850,483	178,492	--
Operations, administration and maintenance	133,202	18,056	--
Sales and marketing	149,119	26,194	1,366
Network development	26,153	10,962	78
General and administrative	210,107	26,303	1,618
Stock related expense	51,306	39,374	--
Depreciation and amortization	124,294	541	39
Goodwill and intangibles amortization	127,621	--	--
Termination of advisory services agreement	--	139,669	--
	1,672,285	439,591	3,101
Operating loss	(7,461)	(19,725)	(3,101)
Equity in income (loss) of affiliates	15,708	(2,508)	--
Minority interest	(1,338)	--	--
Other income (expense):			
Interest income	67,407	29,986	2,941
Interest expense	(139,077)	(42,880)	--
Other income, net	180,765	--	--
Provision for income taxes	(126,539)	(33,067)	--
Loss before extraordinary item and cumulative effect of change in accounting principle	(10,535)	(68,194)	(160)
Extraordinary loss on retirement of debt	(45,681)	(19,709)	--
Loss before cumulative effect of change in accounting principle	(56,216)	(87,903)	(160)
Cumulative effect of change in accounting principle, net of income tax benefit of $1,400	(14,710)	--	--
Net loss	(70,926)	(87,903)	(160)
Preferred stock dividends	(66,642)	(12,681)	(12,690)
Redemption of preferred stock	--	(34,140)	--
Net loss applicable to common shareholders	$ (137,568)	$ (134,724)	$ (12,850)

Net Loss Per Common Share:			
Loss applicable to common shareholders before extraordinary item and cumulative effect of change in accounting principle			
Basic and diluted.......	$ (0.15)	$ (0.32)	$ (0.04)
Extraordinary item			
Basic and diluted.......	$ (0.09)	$ (0.06)	$ --
Cumulative effect of change in accounting principle			
Basic and diluted.......	$ (0.03)	$ --	$ --
Net loss applicable to common shareholders			
Basic and diluted.......	$ (0.27)	$ (0.38)	$ (0.04)
Shares used in computing basic and diluted loss per share.............	502,400,851	358,735,340	325,773,934
Operating Data:			
Cash from operating activities............	$ 506,084	$ 208,727	$ 5,121
Cash used for investing activities............	(4,009,977)	(430,697)	(428,743)
Cash from financing activities............	4,330,799	1,027,110	425,075
Adjusted EBITDA	$ 708,181	$ 364,948	$ 343,233

	December 31, 1999	1998	1997
	(In thousands)		
Balance sheet data:			
Current assets including cash and cash equivalents and restricted cash and cash equivalents	$ 2,946,533	$ 976,615	$ 27,744
Long term restricted cash and cash equivalents	138,118	367,600	--
Long term accounts receivable	52,052	43,315	--
Capacity available for sale	--	574,849	--
Property and equipment, net	6,026,053	433,707	518,519
Other assets	661,442	65,757	25,934
Investment in and advances to/from affiliates, net	323,960	177,334	--
Goodwill and intangibles, net	9,557,422	--	--
Total assets	$19,705,580	$2,639,177	$572,197
Current liabilities	$ 1,852,593	$ 256,265	$ 90,817
Long term debt	5,018,544	1,066,093	312,325
Deferred revenue	383,287	25,325	--
Deferred credits and other	796,606	34,174	3,009
Total Liabilities	8,051,030	1,381,857	406,151
Minority interest	351,338	--	--
Mandatorily redeemable and cumulative convertible preferred stock	2,084,697	483,000	91,925
Shareholders' equity			
Common stock	7,992	4,328	3,258
Treasury stock	(209,415)	(209,415)	--
Other shareholders' equity	9,578,927	1,067,470	71,023
Accumulated deficit	(158,989)	(88,063)	(160)
Total shareholders' equity	9,218,515	774,320	74,121
Total liabilities and shareholders' equity	$19,705,580	$2,639,177	$572,197

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Accounting Matters

During the third and fourth quarters of 1999, changes in the business activities of the Company, together with a newly effective accounting standard, caused the Company to modify certain of its practices regarding recognition of revenue and costs related to sales of capacity. None of the accounting practices described below affect the cash flows of the Company.

As a result of Financial Accounting Standards Board (FASB) Interpretation No. 43, "Real Estate Sales, an interpretation of FASB Statement No. 66" (FIN 43), which became effective July 1, 1999, revenue from terrestrial circuits sold after that date has been accounted for as operating leases and amortized over the terms of the related contracts. Previously, these sales had been recognized as current revenue upon activation of the circuits. This deferral in revenue recognition has no impact on cash flow.

With the consummation of the Frontier acquisition on September 28, 1999, service offerings became a significant source of revenue. Consequently, the Company initiated service contract accounting for its subsea systems during the fourth quarter, because the Company, since that date, no longer holds subsea capacity exclusively for sale. As a result, since the beginning of the fourth quarter, investments in both subsea and terrestrial systems have been depreciated over their remaining economic lives, and revenue related to service contracts have been recognized over the terms of the contracts. Revenue and costs related to the sale of subsea circuits have been recognized upon activation if the criteria of sales-type lease accounting have been satisfied with respect to those circuits.

During the fourth quarter, the Company's global network service capabilities were significantly expanded by the activation of several previously announced systems, and by the integration of other networks obtained through acquisition and joint venture agreements. With this network expansion, the Company began offering its customers flexible bandwidth products to multiple destinations, which makes the historical practice of fixed, point-to-point routing of traffic and restoration capacity both impractical and inefficient. To ensure the required network flexibility, the Company is modifying its standard capacity purchase agreement forms and its network management in a manner that will preclude the use of sales-type lease accounting.

Because of these contract changes, and the network management required to meet customer demands for flexible bandwidth, multiple destinations, and system performance, the Company anticipates that most of the contracts for subsea circuits entered into after January 1, 2000 will be part of a service offering, and therefore will not meet the criteria of sales-type lease accounting and will be accounted for as operating leases. Consequently, revenue related to those circuits will be deferred and amortized over the appropriate term of the contract. In certain circumstances, should a contract meet all of the requirements of sales-type lease accounting, revenue will be recognized without deferral upon payment and activation.

The Company notes that accounting practice and authoritative guidance regarding the applicability of sales-type lease accounting to the sale of capacity is still evolving. Based on the accounting practices described above, the Company believes that additional changes, if any, in accounting practice or authoritative guidance affecting sales of capacity would have little or no impact on its results of operations.

Results of Operations for the Years Ended December 31, 1999 and December 31, 1998

HISTORICAL

In 1999, the Company completed its merger with Frontier and its acquisitions of Global Marine Systems and Racal Telecom. Results for 1999 include operations of Global Marine Systems from July 2, 1999, Frontier from October 1, 1999 and Racal Telecom from November 24, 1999. Due to these transactions, the comparability of the Company's results of operations for the years ended December 31, 1999 and 1998 is limited.

Revenue. Revenue for 1999 increased 296% to $1,665 million as compared to $420 million for 1998. The increase in revenue is attributable to the Frontier merger and the acquisitions of Global Marine Systems and Racal Telecom, as well as growth from our existing business.

Cost of sales. Cost of sales during 1999 was $850 million (51% of revenue) compared to $178 million (43% of revenue) in 1998. This increase is primarily attributable to the Frontier merger and the Global Marine Systems and Racal Telecom acquisitions. Lower margins are partially due to lower prices of capacity sold to customers and wholesale cost of capacity purchased from unconsolidated joint ventures (GAL and PC-1), the Company's profit on which is included in equity in income of affiliates.

Non-cash cost of undersea capacity sold was $292 million and $141 million during the years ended December 31, 1999 and 1998, respectively. For 1998 and the first nine months of the year ended December 31, 1999, the Company calculated costs of undersea capacity sold for AC-1 based on the ratio of the period's actual revenue to total expected future revenues given a minimum projected sales capacity of 1024 circuits (512 circuits in 1998) times the construction cost of the system. Beginning in the fourth quarter of 1999, the Company began to depreciate its undersea capacity and calculate cost of sales based on the estimated net book value of the circuit at the time of sale.

Operations, administration and maintenance ("OA&M"). OA&M for the year ended December 31, 1999 was $133 million (8% of revenue), compared to $18 million (4% of revenue) for the year ended December 31, 1998. The increase is primarily the result of costs incurred in connection with the development of the Global Network Operations Center, expansion of the Global Crossing Network and the expenses of acquired companies.

Sales and marketing. Sales and marketing costs for the year ended December 31, 1999 were $149 million (9% of revenue), compared to $26 million (6% of revenue) for the year ended December 31, 1998. The increase is primarily attributable to additions in headcount, occupancy costs, plus marketing costs, commissions paid and other promotional expenses to support the Company's rapid growth and the expenses of acquired companies.

Network development. Network development costs for the year ended December 31, 1999 were $26 million (2% of revenue), compared to $11 million (3% of revenue) for the year ended December 31, 1998. The increase is primarily attributable to the additional salaries, employee benefits, travel and professional fees associated with the construction of the Global Crossing Network.

General and administrative. General and administrative expenses for the year ended December 31, 1999 were $210 million (13% of revenue), compared to $26 million (6% of revenue) for the year ended December 31, 1998. Such charges are comprised principally of salaries, employee benefits and recruiting fees reflecting the Company's staffing for multiple systems, travel, professional fees, insurance costs and occupancy costs. The increase in general and administrative expenses is primarily attributable to the Frontier merger and the acquisitions of Global Marine Systems and Racal Telecom.

Stock related expense. Stock related expenses for the year ended December 31, 1999 were $51 million (3% of revenue), which increased by $12 million from $39 million (9% of revenue) for the year ended December 31, 1998. The increase is due to the addition of employees granted in-the-money options.

Depreciation and amortization. Depreciation and amortization for the year ended December 31, 1999 was $124 million (8% as a percentage of revenue), compared to $.54 million for the year ended December 31, 1998. This increase was driven by charges from the newly acquired companies and depreciation of subsea systems as of October 1, 1999.

Goodwill amortization. Goodwill amortization for the year ended December 31, 1999 of $128 million (8% of revenue) resulted from the Company's merger with Frontier and acquisitions of Global Marine Systems and Racal Telecom during the year ended December 31, 1999. There was no goodwill amortization for the year ended December 31, 1998.

Operating loss. The Company incurred an operating loss for the year ended December 31, 1999 of $7 million, compared to a loss of $20 million (5% of revenue) for the year ended December 31, 1998.

Interest income and Interest expense. Interest income for the year ended December 31, 1999 was $67 million, compared to $30 million for the year ended December 31, 1998. The increase is due to earnings on investments of funds from financings and operations for the year ended December 31 1999. Interest expense for the year ended December 31, 1999 was $139 million, compared to $43 million for the year ended December 31, 1998, due to the merger with Frontier and the acquisitions of Global Marine Systems and Racal Telecom and increases in debt outstanding to support capital spending.

Other income, net. Other income, net for the year ended December 31, 1999 resulted primarily from a $210 million payment by US West, Inc. in connection with the termination of its merger agreement with the Company, less related expenses.

Provision for income taxes. The income tax provision of $127 million and $33 million for the years ended December 31, 1999 and 1998, respectively, provide for taxes on profits earned from telecommunications services, installation and maintenance services, ILEC services and other income where subsidiaries of the Company have a presence in taxable jurisdictions.

Extraordinary loss from retirement of debt. Extraordinary loss from retirement of debt of $46 million for the year ended December 31, 1999 compared to $20 million for the year ended December 31, 1998. During 1999, we recognized an extraordinary loss of $15 million in connection with the prepayment of existing debt in connection with the issuance of our $3 billion Senior Secured Credit Facility and an additional $31 million for the early extinguishment of $2 billion, in principal value, under the Senior Secured Credit Facility. During 1998, we recognized an extraordinary loss of $20 million in connection with the repurchase of GTH's outstanding senior notes ("GTH Senior Notes"), comprising a premium of $10 million and a write-off of $10 million of unamortized deferred financing costs.

Cumulative effect of change in accounting principle. The Company adopted Statement of Position 98-5 (SOP 98-5), "Reporting on the Cost of Start-Up Activities," issued by the American Institute of Certified Public Accountants, during the year ended December 31, 1999. SOP 98-5 requires that certain start-up expenditures previously capitalized during system development must now be expensed. The Company incurred a one-time charge during the first quarter of $15 million, net of tax benefit, that represents start-up costs incurred and capitalized during previous periods.

Net loss. During the year ended December 31, 1999, the Company reported a net loss of $71 million compared to a net loss of $88 million for the prior year.

Net loss applicable to common shareholders. During the years ended December 31, 1999 and 1998, the Company reported a net loss applicable to common shareholders of $138 million and $135 million, respectively.

Adjusted EBITDA. Adjusted EBITDA of $708 million in 1999 increased 94% from $365 million for the year ended December 31, 1998. The increase is primarily due to the inclusion of Frontier, Global Marine Systems and Racal as well as growth from our existing businesses for the year ended December 31, 1999.

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PRO FORMA

This section of Management's Discussion and Analysis of Financial Condition and Results of Operations focuses on pro forma information for the periods covered giving effect to the acquisitions from the beginning of each period. The Company's management believes that the pro forma results provide the most meaningful comparability among periods presented, since historical results reflect full-company operations only after the close of the Frontier merger and the acquisitions of Racal Telecom and Global Marine Systems. However, the pro forma data are not necessarily indicative of the results that would have been achieved had such transactions actually occurred at the beginning of each period, nor are they necessarily indicative of the Company's future results.

The following reflects the pro forma results of operations for the years ended December 31, 1999 and 1998.

	For the year ended December 31,	
	1999	1998
	(In thousands)	
REVENUE:		
Telecommunications services	$3,071,553	$2,591,066
Installation and maintenance services	334,153	322,017
Incumbent local exchange carrier services	729,231	701,935
Corporate and other	4,960	28,503
	4,139,897	3,643,521
EXPENSES:		
Operating, selling, general and administrative	3,433,024	2,807,671
Stock related expense	51,306	39,374
Depreciation and amortization	363,427	262,847
Goodwill amortization	506,928	506,928
Termination of Advisory Services Agreement	--	139,669
	4,354,685	3,756,489
OPERATING LOSS	(214,788)	(112,968)
EQUITY IN LOSS OF AFFILIATES	(747)	(21,180)
MINORITY INTEREST	(1,338)	--
OTHER INCOME (EXPENSE):		
Interest income	76,528	42,877
Interest expense	(345,956)	(283,984)
Other income, net	178,931	23,641
LOSS BEFORE PROVISION FOR INCOME TAXES, EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(307,370)	(351,614)
Provision for income taxes	(155,174)	(123,268)
LOSS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(462,544)	(474,882)
Preferred stock dividends	(92,171)	(38,181)
LOSS APPLICABLE TO COMMON SHAREHOLDERS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ (554,715)	$ (513,063)
Adjusted EBITDA	$1,150,644	$1,071,969

Pro forma revenue--Telecommunications services. Pro forma revenue for the telecommunications services segment for the years ended December 31, 1999 and 1998 resulted from sales of the following products:

	For the year ended December 31, 1999	1998
	(In thousands, except minutes)	
PRODUCT REVENUE:		
Switched Voice	$ 1,386,124	$ 1,416,088
CLEC (Local and LD)	223,021	153,109
Total Business Voice Products	1,609,145	1,569,197
Data	1,274,689	782,087
Consumer long distance	187,719	239,782
TOTAL PRODUCT REVENUE	$ 3,071,553	$ 2,591,066
MINUTES	20,472,178	14,481,697

In North America, data products continued to grow at triple digit rates--data product revenue (primarily private line) from telecommunication carrier customers grew 588% for the full year. Frame relay revenue, sales from dedicated internet and web hosting revenue increased 304%, 159% and 187%, respectively, over the prior year. Competitive Local Exchange Carrier (CLEC) revenue increased 46% year-on-year.

Revenue from telecommunication commercial customers increased to $1.27 billion for the year ended December 31, 1999 from $1.26 billion for the year ended December 31, 1998. Revenue from telecommunication consumer customers fell to $188 million for the year ended December 31, 1999 from $240 million for the year ended December 31, 1998. Revenue from telecommunication carrier customers experienced a 48% increase in revenue year-on-year, from $1.09 billion to $1.61 billion, driven by strong growth in international city to city circuit activations and an 87% increase in wholesale minutes sold on a year-on-year basis.

Pro forma revenue--Installation and maintenance services. Pro forma revenue increased by 4% year-on-year, despite delays in the installation of TAT-14 and U.S.-Japan cables, which had been scheduled for installation during the fourth quarter of 1999. Global Marine Systems added three ships to their fleet during the year to service the Company's growth in subsea cable installations. Revenue from maintenance increased from $117 million to $139 million, while revenue from installation decreased from $205 million to $195 million.

Pro forma revenue--ILEC services. The following table provides supplemental pro forma detail for the ILEC segment:

	December 31, 1999	1998
	(In thousands)	
ACCESS LINES:		
Commercial	335	327
Consumer	737	718
TOTAL ACCESS LINES	1,072	1,045

The ILEC segment continued to exceed service metrics required by the New York State Public Service Commission. Revenue increased by 4% year-on-year. Market deployment of the consumer ADSL product, Lightning Link, was initiated in selected markets in the fourth quarter.

Operating, selling, general and administrative. Operating, selling, general and administrative expenses of $3,433 million for the year ended December 31, 1999 increased by 22% from $2,808 million for the year ended December 31, 1998. This change resulted from costs of new systems being activated, cost of sales relating to increased revenues, occupancy costs, marketing costs, commissions paid and overall Company growth and staffing for multiple systems.

Non-cash cost of undersea capacity sold, included in operating, selling, general and administrative expenses, was $292 million and $141 million during the years ended December 31, 1999 and 1998, respectively. For 1998 and the first nine months of 1999, the Company calculated costs of undersea capacity sold based on the ratio of the period's actual revenue to total expected future revenues given a minimum projected sales capacity multiplied by the construction cost of the system. Beginning in the fourth quarter of 1999, the Company began to depreciate the undersea capacity and calculate cost of sales based on the estimated net book value of the circuit at the time of sale.

Stock related expense. Stock related expense of $51 million for the year ended December 31, 1999, increased 30% from $39 million for the year ended December 31, 1998 as a result of additional stock options issued below fair market value.

Depreciation and amortization. Depreciation and amortization of $363 million for the year ended December 31, 1999 increased 38% from $263 million for the year ended December 31, 1998. This increase was primarily due to the depreciation of subsea and terrestrial systems during 1999.

Operating loss. The Company incurred an operating loss for the year ended December 31, 1999 of $215 million compared to a loss of $113 million for the year ended December 31, 1998.

Equity in loss of affiliates. Equity in loss of affiliates of $0.7 million for the year ended December 31, 1999 compared to a loss of $21 million for the year ended December 31, 1998. The decrease in the net loss is primarily due to sales of capacity on certain segments of PC-1 which became available for sale in 1999.

Interest income and Interest expense. Interest income of $77 million for the year ended December 31, 1999 compared to $43 million for the year ended December 31, 1998, due to earnings on investments of additional funds from financings and operations during the year ended December 31, 1999. Interest expense of $346 million for the year ended December 31, 1999 compared to interest expense of $284 million for the year ended December 31, 1998, due to the merger with Frontier and the acquisition of Global Marine Systems and Racal Telecom and increases in debt outstanding to support capital spending.

Other income, net. Other income of $179 million for the year ended December 31, 1999 compared to $24 million for the year ended December 31, 1998. The increase is primarily a result of the receipt of a $210 million payment by US West, Inc. in connection with the termination of its merger agreement with the Company, less related expenses.

Provision for income taxes. The income tax provision of $155 million and $123 million for the years ended December 31, 1999 and 1998, respectively, provides for taxes on profits earned from telecommunications services, installation and maintenance, ILEC Services and other income where subsidiaries of the Company have a presence in taxable jurisdictions.

Preferred stock dividends. Preferred stock dividends of $92 million for the year ended December 31, 1999 compared to $38 million in 1998. The increase was attributable to payment of dividends on $1.5 billion of preferred shares issued during the year ended December 31, 1999.

Adjusted EBITDA. Adjusted EBITDA of $1,151 million for the years ended December 31, 1999 increased 7% from $1,072 in 1998. The increase was primarily due to increased capacity sales and other data products, partially off-set by the Company's increased spending to augment its sales force, add network and web hosting capacity, add to its fleet of installation and maintenance vessels, activate new fiber optic systems, and consummate and integrate its acquisitions.

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Historical Results of Operations for the Year Ended December 31, 1998 and the Period from March 19, 1997 (Date of Inception) to December 31, 1997

Revenue. During the year ended December 31, 1998, the Company executed firm commitments to sell capacity on our systems plus the sale of dark fiber on PEC totaling $911 million. Of this amount, the Company recognized revenue of $418 million on sales of capacity relating to AC-1 for the year ended December 31, 1998, in addition to revenue from operations and maintenance services of $6 million.

Cost of sales. For the year ended December 31, 1998, the Company recognized $178 million in cost of capacity sold, resulting in a gross margin on capacity sales of 57%. Cost of capacity sold for the year ended December 31, 1998 also includes $38 million relating to terrestrial capacity sold which the Company had purchased from third parties. The Company calculated undersea cost of capacity sold for AC-1 based on the ratio of the period's actual revenue to total expected revenue, assuming minimum projected sales capacity of 512 circuits, multiplied by the construction cost of the system. This calculation of cost of sales matches costs with the relative value of each sale. There were no sales or related costs recognized during the period from March 19, 1997 (Date of Inception) to December 31, 1997, as the Company was in our development stage.

Operations, administration and maintenance ("OA&M"). The Company incurred OA&M costs of $18 million during the year ended December 31, 1998. The Company entered into an agreement with TSSL relating to operations, administration and maintenance of AC-1, which limits our total OA&M expense for the system. The Company anticipates that our OA&M costs will be largely recovered through charges to our customers under the terms of CPAs. There were no OA&M costs during the period from March 19, 1997 (Date of Inception) to December 31, 1997, as the Company was in its development stage.

Sales and marketing. During the year ended December 31, 1998, the Company incurred sales and marketing expenses of $26 million, including selling commissions of $20 million incurred on capacity sales recognized during this period. During the period from March 19, 1997 (Date of Inception) to December 31, 1997, the Company incurred sales and marketing costs of approximately $1 million. The increase from 1997 was due to additions in personnel and occupancy costs, plus marketing, commissions paid and other promotional expenses to support our rapid growth.

Network development. The Company incurred network development costs during the year ended December 31, 1998 of $11 million relating to the development of systems. During the period from March 19, 1997 (Date of Inception) to December 31, 1997, these costs were $0.1 million. The increase from 1997 was due to additional personnel, and costs to explore new projects.

General and administrative. General and administrative expenses totaled $26 million during the year ended December 31, 1998 and were comprised principally of salaries, employee benefits and recruiting fees for staffing of multiple systems, travel, insurance costs and rent expenses, plus depreciation and amortization. During the period from March 19, 1997 (Date of Inception) to December 31, 1997, we incurred general and administrative costs of $2 million.

Termination of Advisory Services Agreement with PCG Telecom Services LLC. In connection with the development and construction of AC-1, the Company entered into an Advisory Services Agreement with PCG Telecom Services LLC, an affiliate, providing for the payment by us of an advisory fee of 2% of the gross revenue of ACL over a 25 year term. Our Board of Directors also approved similar advisory fees and authorized us to enter into similar agreements with respect to other cable systems under development by us. The Company has acquired the rights of the persons entitled to the fees payable under these agreements in consideration for the issuance to such persons of shares of our common stock, which had at the time of issuance an aggregate value of $135 million, and the cancellation of approximately $3 million owed to us under a related advance agreement. In addition, the Company recognized approximately $2 million of advisory fees incurred prior to termination of the contract.

Stock related expense. Through December 31, 1998, the Company recorded as a charge to paid-in capital $94 million of unearned compensation relating to awards under our stock incentive plan plus the grant of certain economic rights and options to purchase common stock granted to a senior executive. The unearned compensation is being recognized as an expense over the vesting period of these options and economic rights.

For the year ended December 31, 1998, the Company recognized as an expense $31 million of stock related compensation relating to our stock incentive plan and $6 million for the vested economic rights to purchase common stock and $2 million in respect of shares of common stock issued during the year. The remaining $57 million of unearned compensation will be recognized as follows: $28 million in 1999, $21 million in 2000 and $8 million in 2001. Our stock incentive plan commenced in January 1998, and therefore no issuances were made during the period from March 19, 1997 (Date of Inception) to December 31, 1997.

Equity in loss of affiliates. During 1998, the Company entered into joint venture agreements to construct and operate PC-1 and GAL. PC-1 is owned and operated by PCL. The Company has an economic interest in PCL represented by a 50% direct voting interest and, through one of the joint venture partners, a further 8% economic non-voting interest. The Company has a 49% interest in Global Access Ltd., which operates GAL. Our equity in the loss of PC-1 for the year ended December 31, 1998 was $3 million.

Interest income. The Company reported interest income of $30 million during the year ended December 31, 1998 and $3 million during the period from March 19, 1997 (Date of Inception) to December 31, 1997. Such interest income represents earnings on cash raised from financing, the IPO, the issuance of the GCH Preferred Stock, operations and CPA deposits.

Interest expense. During the year ended December 31, 1998, the Company incurred $93 million in interest costs, including the amortization of finance costs and debt discount. Of this amount, the Company capitalized to construction in progress interest of $50 million and expensed $43 million. During the period from March 19, 1997 (Date of Inception) to December 31, 1997, the Company incurred interest expense of $10 million, which was capitalized to construction in progress.

Provision for income taxes. The income tax provision of $33 million for the year ended December 31, 1998 provides for taxes on profits earned from capacity sales and OA&M revenue where our subsidiaries have a presence in taxable jurisdictions. During the period from March 19, 1997 (Date of Inception) to December 31, 1997, the Company incurred operating losses, which relate to non-taxable jurisdictions and therefore cannot be applied against future taxable earnings. Accordingly, no tax provision or deferred tax benefit was recorded as of December 31, 1997.

Extraordinary item. During May 1998, the Company recognized an extraordinary loss of $20 million in connection with the repurchase of GTH's outstanding senior notes ("GTH Senior Notes"), comprising a premium of $10 million and a write-off of $10 million of unamortized deferred financing costs.

Net loss. The Company incurred a net loss of $88 million for the year ended December 31, 1998, compared to a net loss of $0.2 million in the period from March 19, 1997 (Date of Inception) to December 31, 1997. The net loss for the year ended December 31, 1998 reflects an extraordinary loss on retirement of the GTH Senior Notes of $20 million and a non-recurring charge of $140 million relating to the termination of the Advisory Services Agreement. Our net income before these items was $72 million.

Preferred stock dividends. During the year ended December 31, 1998, the Company recorded preferred stock dividends of approximately $13 million. Preferred stock dividends for the period from March 19, 1997 (Date of Inception) to December 31, 1997 were $13 million. Of the $13 million recorded in 1998, $4 million relates to the GCH Preferred Stock issued during December 1998.

Redemption of preferred stock. The redemption of GTH's outstanding preferred stock ("GTH Preferred Stock") occurred in June 1998 and resulted in a $34 million charge against equity. This amount was comprised of a $16 million redemption premium and a write-off of $18 million of unamortized discount and issuance costs. The redemption premium and write-off of unamortized discount and issuance costs are treated as a deduction to arrive at net loss applicable to common shareholders in the consolidated statements of operations.

Net loss applicable to common shareholders. During the year ended December 31, 1998, the Company reported a net loss applicable to common shareholders of $135 million. This loss reflects preferred stock dividends of $13 million and the redemption cost of GTH Preferred Stock of $34 million. During the period from March 19, 1997 (Date of Inception) to December 31, 1997, the Company incurred a net loss applicable to common shareholders of $13 million after GTH Preferred Stock dividends of $13 million.

Liquidity and Capital Resources

On December 15, 1999, Global Crossing issued $650 million aggregate liquidation preference of 7% cumulative convertible preferred stock. The preferred stock is convertible into common stock of Global Crossing based upon a conversion price of $53.25 per share.

On November 24, 1999, the Company entered into a GBP 675 million (approximately $1,091 million as of December 31, 1999) credit facility to finance the acquisition of Racal Telecom. As of December 31, 1999, the Company had an outstanding balance of $646 million under the Racal Term Loan A.

On November 12, 1999, Global Crossing Holdings Ltd. issued $1.1 billion in aggregate principal amount of its 9 1/2% Senior Notes Due 2009, and $0.9 billion in aggregate principal amount of its 9 1/8% Senior Notes Due 2006. The proceeds were partially used to pay down the term loans under the Company's Corporate Credit Facility.

On November 5, 1999, Global Crossing issued $1.0 billion aggregate liquidation preference of 6 3/8% cumulative convertible preferred stock. The preferred stock is convertible into common stock of Global Crossing based upon a conversion price of $45.00 per share.

On July 2, 1999, Global Crossing entered into a $3 billion senior secured corporate credit facility with a group of several lenders and The Chase Manhattan Bank as administrative agent. The initial proceeds under the facility were used to refinance outstanding balances under the AC-1 and MAC project finance facilities, to refinance balances under a vendor financing arrangement with Lucent, to refinance debt used for the purchase of the Global Marine business from Cable and Wireless and for general corporate purposes. As of December 31, 1999, the Company had a remaining available balance of $308 million under the senior secured corporate credit facility. In connection with the issuance of the Senior Notes Due 2006 and the Senior Notes Due 2009, a portion of the proceeds were used to pay down the term loans under the Corporate Credit Facility.

Global Crossing initially financed the approximately $908 million Global Marine Systems acquisition, which was completed in July 1999, with approximately $600 million in committed bank financing and the remainder with cash on hand. This initial indebtedness was refinanced through borrowings under Global Crossing's senior secured corporate credit facility.

After giving effect to the financings listed above, as of December 31, 1999, the Company had $1,865 million of both restricted and unrestricted cash and cash equivalents. As of December 31, 1999, the Company had $8,051 million of total liabilities, including $5,056 million in senior indebtedness, of which $1,295 million was secured. As of such date, Global Crossing Ltd. additionally had outstanding cumulative convertible preferred stock with a face value of $1,650 million. Our subsidiary, Global Crossing Holdings, also has mandatorily redeemable preferred stock outstanding with a face value of $500 million. In addition, our unconsolidated Pacific Crossing joint venture entered into an $850 million non-recourse credit facility, under which it had incurred $750 million of indebtedness as of December 31, 1999.

Global Crossing estimates the remaining total cost of developing and deploying the announced systems on the Global Crossing Network to be approximately $5 billion, excluding costs of potential future upgrades and the amounts capitalized with respect to warrants issued in exchange for the rights to construct MAC and PAC. Financing to complete the Global Crossing Network is expected to be obtained from common stock, preferred stock, bank financing or through other corporate financing. Some of this financing is expected to be incurred by wholly-owned subsidiaries or joint venture companies, as well as by GCL.

The Company has extended limited amounts of financing to customers in connection with certain capacity sales. The financing terms provide for installment payments of up to four years. The Company believes that its extension of financing to its customers will not have a material effect on the Company's liquidity.

Cash provided by operating activities was $506 million and $209 million for the years ended December 31, 1999 and 1998, respectively. The balances principally represent cash received from capacity sales, and interest income received, less sales and marketing, network development, general and administrative and interest expenses paid.

Cash used in investing activities was $4,010 million and $431 million for the years ended December 31, 1999 and 1998, respectively, and represents cash paid for construction in progress, acquisitions (net of cash acquired), purchases of property, plant and equipment and cash investments in affiliates.

Cash provided by financing activities was $4,331 million for the year ended December 31, 1999 and primarily represents borrowings under the senior secured corporate facility, issuance of senior notes and proceeds from the issuance of preferred stock, partially offset by repayments of borrowings under long term debt. Cash provided by financing activities was $1,027 million for the year ended December 31, 1998 and primarily relates to proceeds from borrowings under the AC-1 and MAC Credit Facilities, proceeds from the issuance of GCH Senior Notes, the GCH Preferred Stock and our IPO, less amounts paid for finance and organization costs, the issuance of common preferred stock, the repayment of long term debt, the redemption of the GTH Preferred Stock, the retirement of the GTH Senior Notes and the increase in amounts held in restricted cash and cash equivalents.

Global Crossing has a substantial amount of indebtedness. Based upon the current level of operations, management believes that the Company's cash flows from operations, together with available borrowings under its credit facility, and its continued ability to raise capital, will be adequate to meet the Company's anticipated requirements for working capital, capital expenditures, acquisitions and other discretionary investments, interest payments and scheduled principal payments for the foreseeable future. There can be no assurance, however, that the Company's business will continue to generate cash flow at or above current levels or that currently anticipated improvements will be achieved. If the Company is unable to generate sufficient cash flow and raise capital to service the Company's debt, the Company may be required to reduce capital expenditures, refinance all or a portion of its existing debt or obtain additional financing.

Inflation

Management does not believe that its business is impacted by inflation to a significantly different extent than the general economy.

Year 2000 Compliance

Prior to December 31, 1999, the Company took all actions that it believed to be necessary to insure that its business operations would be Year 2000 ("Y2K") compliant. In particular, the Company established a Y2K compliance task force, reviewed the status of the Company's systems, submitted information requests to third party service providers, received assurances regarding Y2K compliance from its major suppliers and developed contingency plans to address any potential Y2K compliance failure. The Company expended approximately $40 million on a pro forma basis through December 31, 1999 on its Y2K readiness efforts, principally relating to remediation efforts made in the businesses operated by Frontier Corporation.

The Company did not experience any significant malfunctions or errors in its operating or business systems when the date changed from 1999 to 2000. Based on operations since January 1, 2000, the Company does not expect any significant impact to its ongoing business as a result of the Y2K issue. In addition, the Company is not aware of any significant Y2K issues or problems that may have arisen for its significant customers and suppliers.

Euro Conversion

On January 1, 1999, a single currency called the Euro was introduced in Europe. Eleven of the fifteen member countries of the European Union agreed to adopt the Euro as their common legal currency on that date. Fixed conversion rates between these countries' existing currencies (legacy currencies) and the Euro were established as of that date. The legacy currencies are scheduled to remain legal tender in these participating countries between January 1, 1999 and January 1, 2002 (not later than July 1, 2002). During this transition period, parties may settle transactions using either the Euro or a participating country's legacy currency.

Transition to the Euro creates a number of issues for the Company. Business issues that must be addressed include product pricing policies and ensuring the continuity of business and financial contracts. Finance and accounting issues include the conversion of bank accounts and other treasury and cash management activities. The Company has not yet set conversion dates for certain of its accounting systems, statutory reporting and tax books, but will do so during 2000. The financial institutions with which the Company has relationships have transitioned to the Euro successfully and are issuing statements in dual currencies.

The Company continues to address these transition issues and does not expect the transition to the Euro to have a material effect on the results of operations or financial condition of the Company. The Company does not expect the cost of system modifications to be material and the Company will continue to evaluate the impact of the Euro conversion.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The table below provides information about our market sensitive financial instruments and constitutes a "forward-looking statement." Our major market risk exposure is changing interest rates. Our policy is to manage interest rates through use of a combination of fixed and floating rate debt. Interest rate swaps may be used to adjust interest rate exposures when appropriate, based upon market conditions, and the Company does not engage in such transactions for speculative purposes.

								Fair Value	
Expected maturity dates	2000	2001	2002	2003	2004	Thereafter	Total	12/31/1999	12/31/1998
					(in thousands)				
DEBT									
9 1/2% Senior Notes due 2009..................	--	--	--	--	--	$1,100,000	$1,100,000	$1,086,937	N/A
Average interest rates--fixed..........						9.5%			
9 1/8% Senior Notes due 2006..................	--	--	--	--	--	900,000	900,000	889,313	N/A
Average interest rates--fixed..........						9.1%			
9 5/8% Senior Notes due 2008..................	--	--	--	--	--	800,000	800,000	798,000	$834,000
Average interest rates--fixed..........						9.6%			
Senior Secured Revolving Credit Facility........	--	--	--	--	$648,597	--	648,597	648,597	N/A
Average interest rates--variable.......					(1)				
Racal Term Loan A.......	--	--	--	--	97,000	549,130	646,130	646,130	N/A
Average interest rates--variable.......						(2)			
Medium-Term Notes, 7.51%-9.3%, due 2000 to 2004..................	--	$71,500	$40,000	--	107,500	--	219,000	219,892	N/A
Average interest rates--fixed..........	--	8.9%	7.5%		9.3%	9.0%			

7 1/4% Senior Notes due 2004..................	--	--	--	--	300,000	--	300,000	282,220	N/A
Average interest rates--fixed..........					7.3%				
6% Dealer Remarketable Securities (DRS) due 2013..................	--	--	--	--	--	200,000	200,000	187,182	N/A
Average interest rates--fixed..........						(3)			
Other..................	$5,496	$49,911	$ 3,618	$38,336	14,158	$ 130,509	242,028	234,926	N/A
Average interest rates--fixed..........						(4)			
DERIVATIVE INSTRUMENTS									
Interest rate swap floating for fixed									
Contract notional amount.................	--	--	--	--	$200,000	--	$ 200,000	$ 206,602	N/A
Fixed rate paid by counterparty..........					7.3%				
Floating rate paid by GCL..................					(5)				

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(1) The interest rate is US dollar LIBOR + 2.25% which was 8.4% as of December 31, 1999.
(2) The interest rate is British pound LIBOR + 2.5% which was 8.4% as of December 31, 1999.
(3) The interest rate is fixed at 6.0% until October 2003. At that time, the remarketing dealer (J.P. Morgan) has the option to remarket the notes at prevailing interest rates or tender the notes for redemption.
(4) Includes $58,557 of fixed rate debt with interest rates ranging from 2.0% to 9.0%. $48,460 of floating rate debt with an interest rate of British pound LIBOR + 2.5%, which was 8.4% as of December 31, 1999.
(5) The interest rate is US dollar LIBOR + 1.26%, which is set in arrears.

Foreign Currency Risk

For those subsidiaries using the U.S. dollar as their functional currency, translation adjustments are recorded in the accompanying condensed consolidated statements of operations. None of the Company's translation adjustments were material as of and for the years ended December 31, 1999 and 1998.

For those subsidiaries not using the U.S. Dollar as their functional currency, assets and liabilities are translated at exchange rates in effect at the balance sheet date and income and expense accounts at average exchange rates during the period. Resulting translation adjustments are recorded directly to a separate component of shareholders' equity. As of and for the year ended December 31, 1999, the Company incurred a foreign currency translation adjustment of $21 million. For the year ended December 31, 1998, the translation adjustments were immaterial.

Foreign currency forward transactions are used by the Company to hedge exposure to foreign currency exchange rate fluctuations. The Euro was the principal currency hedged by the Company. Changes in the value of forward foreign exchange contracts, which are designated as hedges of foreign currency denominated assets and liabilities, are classified in the same manner as changes in the underlying assets and liabilities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the index included on page F-1, Index to Consolidated Financial Statements and Schedule.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

